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SUBJECT: SDP CANDIDATE FOR PRIME MINISTER CRITICIZED FOR OPPOSING
SERBIAN INVESTMENT IN CROATIA

¶1. (SBU) SUMMARY: Ljubo Jurcic, Prime-Ministerial candidate of Croatia's leading opposition party, the Social Democratic Party (SDP), in late August commented that Serbian investment would not be welcomed in Croatia. All of Croatia's other centrist parties, including the governing HDZ, seeing nationalist or anti-Serb rhetoric as a vote-loser rather than a vote-winner, quickly and caustically criticized Jurcic's comments. SDP Party chief Zoran Milanovic also back-tracked, arguing the comment was being taken out of context. As many of the commentators have also noted, if Jurcic's statement were Croatian policy, it would be a dangerous game from Croatia's perspective. Croatian companies have much more to lose. Serbia is the second largest recipient of Croatian capital, while total Serbian investment in Croatia remains miniscule. END SUMMARY.

¶2. (U) "We know who has committed crimes. Wounds are still fresh and we don't need to make our citizens feel uncomfortable," said Ljubo Jurcic, prime-ministerial candidate of Croatia's leading opposition Social Democratic Party (SDP), in reply to the question whether a Serbian "tycoon" should be allowed to buy a Vukovar-based agricultural company. Jurcic then explained that, if he became the Prime Minister, he would approve the sale of a state-owned company to a Serbian buyer, but "certainly not in Slavonia," a region particularly affected by war in the 1990's.

¶3. (U) Jurcic's comments drew quick negative reactions both from the government and rival opposition parties. Prime Minister Sanader said that Jurcic's was a "statement for an anthology of political nonsense." Radimir Cacic of the Croatian People's Party, and another prime ministerial hopeful, noted that Croatia was the second largest investor in Serbia and that banning their companies from investing here would be "a kind of suicide." Croatian Peasant Party President Josip Friscic said it was not important where capital was coming from, but whether it was legally gained or not. Local media joined in the criticism, with both leading national weeklies, Globus and Nacional, criticizing the SDP for trying to appeal to Croatia's right wing. In fact, the right-wing Croatian Party of Rights (HSP) was the only major party to welcome Jurcic's statement, with HSP President Anto Djapic sardonically observing that he was glad the SDP had "come to our position."

¶4. (U) Nonetheless, the SDP denies any flirtations with nationalist or right wing ideology. In an August 27 interview, SDP chief Zoran Milanovic rejected allegations that the new SDP was flirting with the right wing, declaring himself a leftist and anti-fascist. The day after Jurcic's comments on Serb investment, Milanovic argued that Jurcic was speaking only of the specific company in question, adding that "Capital has no nationality. If our businesses work and invest in Serbia, we need to guarantee the same right not only to capital from Serbia, but from any other country."

¶5. (SBU) COMMENT: Jurcic's comment, and the domestic reaction to it, reflect the fluid nature of Croatia's pre-electoral politics. His statement may have been taken out of context, but it was likely part

of a calculated, if awkward, effort to increase the center-left SDP's centrist appeal without appearing to poach voters from potential coalition partners among other centrist parties. Most notable in this whole exchange, however, is that every other centrist and center-right party in Croatia viewed such nationalist rhetoric as a vote loser in the run-up to the expected November election. END COMMENT.

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